

BEFORE THE IOWA INSURANCE COMMISSIONER

---

IN THE MATTER OF	)	CEASE AND DESIST ORDER
	)	
VOYAGER FINANCIAL GROUP, LLC	)	DIVISION FILE NO.: 80240
	)	

---

Now comes the Iowa Insurance Division ('Division'), pursuant to the provisions of the Iowa Uniform Securities Act – Iowa Code Chapter 502 and finds as follows:

**PARTIES AND JURISDICTION**

1. The Commissioner of Insurance, Nick Gerhart, pursuant to Iowa Code § 502.601(2013), administers the Iowa Uniform Securities Act.
2. Voyager Financial Group ("VFG") is Delaware limited liability company with its principal place of business located at 801 Technology Drive, Suite F, Little Rock, Arkansas 72223.
3. VFG is not registered as a broker-dealer firm or investment advisory firm in the state of Iowa.
4. VFG has engaged in acts or practices within the state of Iowa constituting violations of Iowa Code Chapter 502 and/or any rule or order adopted or issued pursuant to Iowa Code Chapter 502. The Insurance Commissioner is authorized to issue a summary order directed to any person requiring the person to cease and desist from engaging in such acts or practices or take other affirmative action as in his judgment is necessary to comply with the requirements of Iowa Code Chapter 502 pursuant to Iowa Code § 502.604 (2013).

**FACTUAL BACKGROUND**

**I. Investments made by Iowa residents**

5. An individual who wants to sell his or her income stream ("seller") appoints VFG as an authorized "buying agent" to submit a contingent offer to a third-party buyer ("buyer").

6. VFG facilitates transactions between buyers and sellers of income streams derived from assets that have fixed payment amounts and terms, such as retirement or military pension streams.

7. VFG is contacted by potential sellers. VFG vets potential sellers to certify their pension stream is the type of product VFG sells. VFG determines the present value of the income streams and sells the streams to interested buyers through agents VFG labels as independent contractors.

8. VFG submits an offer sheet to the buyer through one of its agents. The purchase price is payable to VFG. VFG assists sellers through the process of selling their income stream. They provide a checklist to the seller of everything necessary to facilitate the sale. If information is incomplete, VFG works with the seller to gather all required information. One of the items required by VFG is a credit report from the seller to verify that there are no liens on the income stream. VFG also requires verification from the seller's pension company verifying that the seller is entitled to receive a pension, as well as the terms of the pension disbursement including the monthly amount of the income stream.

9. VFG provides the potential buyer with a "closing book" comprised of all the information gathered from the seller regarding the income stream. As represented by VFG, the information contained therein is "all of the information that the [b]uyer needs to make an informed decision on whether to follow through with the purchase." The buyer and seller did not directly communicate during this process. All information and contracts are provided by VFG. All paperwork bears the VFG logo.

10. If a buyer wants to purchase the income stream, VFG provides the buyer with a purchase application, and VFG accepts the offer to purchase on behalf of the seller. If the buyer backs out of the deal, VFG places the income stream back into an active inventory to be sold. VFG keeps track of and updates inventory lists to forward to agents to sell to buyers.

11. Once an income stream is purchased, the buyer then forwards the purchase-price amount to VFG which sets up an escrow account to hold that amount and make certain distributions and payments.

12. The buyer does not acquire title or ownership of the underlying asset that provides the income stream but acquires a contractual right to receive the income stream from the annuity or pension.

13. Once the seller assigns the right to receive the income stream to the buyer, the seller creates an escrow account in his or her name and control. The seller grants the escrow company a special, durable power of attorney enabling the escrow company to manage that account and the income-stream funds received. VFG works with the buyer to instruct the escrow company to direct payments of a monthly amount to the buyer for the term agreed upon at the time of sale.

14. VFG drafts all of the required paperwork and facilitates the execution of the contracts and agreements by involved parties. Additionally, VFG receives a percentage commission from all sales at closing.

15. As of August 20, 2012, VFG had facilitated approximately 317 in 31 states for an estimated total of \$34,245,351.48 and received an estimated \$6,724,049.71 in commissions. VFG paid additional commissions to an estimated eight-one agents. Multiple sales were made to nine Iowa residents during that time. Upon information and belief, VFG is currently facilitating sales and collecting commissions from transactions across the country.

16. A search of the records of the Iowa Insurance Division shows that VFG has never registered or filed a proof of exemption in accordance with Iowa Code Chapter 502 and has never notice filed in accordance with federal law in connection with a covered security for offers and sale of securities in Iowa.

**II. Failure to Disclose Material Facts**

17. In connection with the offer and sales of securities, VFG's agents failed to disclose material facts to investors, including, but not limited to, the following:

- a. any financial information regarding the performance of VFG;
- b. the fact that VFG was not licensed to sell securities in the state of Iowa;
- c. the fact that VFG is an unregistered security;
- d. that VFG agents failed to adequately disclose to investors the background and investment experience of the individuals managing and operating the VFG.

**VIOLATIONS OF SECURITIES ACT**

**COUNT I**

**UNREGISTERED SECURITIES**

18. Paragraphs 1 - 17 are incorporated herein by reference.

19. VFG's agents have offered or sold, have aided or abetted the offer or sale of, or have participated in the offer or sale of unregistered evidences of joint venture units and/or investment contracts.

20. The investment in VFG are securities within the meaning of Iowa Code § 502.102(28) (2013).

21. The securities promoted by VFG agents were not registered with the Iowa Securities Bureau pursuant to Iowa Code §§ 502.303, 502.304 or 502.304A (2013), nor do any of the exemptions in Iowa Code §§ 502.201 or 502.202 (2013) appear to apply, nor were they federally covered securities.

22. Therefore, VFG agents have violated Iowa Code § 502.301 (2013), by offering and/or selling unregistered, non-exempt and non-federal covered securities in Iowa and should be ordered to cease and desist.

23. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502 (The Iowa Uniform Securities Act).

## COUNT II

### FAILURE TO STATE MATERIAL FACTS

24. Paragraphs 1 - 23 are incorporated herein by reference.

25. In connection with the offer and sales of securities, VFG's agents failed to disclose material facts to investors, including, but not limited to, the following:

- a. any financial information regarding the performance of VFG;
- b. the fact that VFG was not licensed to sell securities in the state of Iowa;
- c. the fact that VFG is an unregistered security;
- d. that VFG agents failed to adequately disclose to investors the background and investment experience of the individuals managing and operating the VFG.

26. Therefore, VFG and its agents have violated the general fraud provisions of Iowa Code § 502.301 (2013) by failing to state material facts.

27. This action is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502 (The Iowa Uniform Securities Act).

## ORDERS

WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code §§ 502.604 and 507A.10 (2013) as follows:

A. VFG's agents shall Cease and Desist the offer or sale of, aiding and abetting the offer or sale of, and participating in the offer or sale of the securities described above or any other

securities in the State of Iowa while those securities are unregistered, non-exempt and not federal covered securities, in violation of Iowa Code § 502.301 (2013).

B. VFG shall be assessed a civil penalty of \$10,000.00 for knowingly and recklessly violating provisions of the Iowa Uniform Securities Act pursuant to Iowa Code § 502.604(4) (2013) and rules enacted thereunder.

#### **NOTICE REGARDING FAILURE TO REQUEST A HEARING**

If you fail to request a hearing within thirty (30) days of the date of this Cease and Desist Order, the Order shall be a final Order of the Commissioner of Insurance and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

#### **NOTICE REGARDING EXHAUSTION OF ADMINISTRATIVE REMEDIES AND RIGHT TO SEEK JUDICIAL REVIEW**

The failure to request a hearing can constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order pursuant to Iowa Code chapter 17A after the Order becomes final. The Order becomes final thirty (30) days after it is issued if you do not timely request a contested case hearing, or following hearing if you do timely request a contested case hearing.

#### **NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER**

YOU ARE NOTIFIED that any person who willfully violates this order shall be deemed in contempt of the order pursuant to Iowa Code § 502.604. The administrator may petition the district court to hold a hearing to enforce the order as certified by the administrator. The district court may assess a civil penalty against the person in an amount not less than three thousand

dollars but not greater than ten thousand dollars per violation and may issue further orders as it deems appropriate.

YOU ARE ALSO NOTIFIED that a person who willfully violates any provision of this chapter, or any rule or order under this chapter, is guilty of a class "D" felony pursuant to Iowa Code § 502.605(1)(a). A person who willfully violates §§ 502.401, 502.402, 502.403, or 502.408, subsection (1) or (2), resulting in a loss of more than ten thousand dollars is guilty of a class "C" felony pursuant to Iowa Code § 502.605(1)(b).

#### **NOTICE REGARDING IMPACT OF ORDER ON EXISTING LICENSES**

A final Cease and Desist Order may adversely affect existing business or professional licenses and result in license revocation or disciplinary action. For example, a final Cease and Desist Order issued to a licensed insurance agent may subject the insurance agent to insurance license revocation or other disciplinary action. Further notice is given that the Iowa Insurance Division may review this Cease and Desist Order for a potential license revocation or disciplinary action.

#### **NOTICE OF RIGHT TO REQUEST HEARING**

NOTICE IS HEREBY GIVEN that Voyager Financial Group, or any individual representing any Respondent, may request a hearing in this matter. This request must be in writing and must be filed within thirty (30) calendar days of the date of this Order with Emily F. Zach, Enforcement Attorney, Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319. A notice of the hearing shall be prepared and shall be given at least fifteen (15) days before the date of the hearing unless the parties agree to an earlier date. The hearing shall be held within ninety (90) days after the date of the notice of the hearing unless extended by the presiding officer for good

cause with at least fifteen days notice to the parties. The resulting hearing will be held in accordance with Iowa Code Chapter 17A (2013).

Dated this 4th day of June, 2013.

Iowa Insurance Division

A handwritten signature in black ink, appearing to read "J. Mumford".

---

by JIM MUMFORD  
First Deputy Commissioner and  
Securities Administrator

**COPY SENT BY PERSONAL SERVICE TO:**

Voyager Financial Group  
801 Technology Drive, Suite F  
Little Rock, Arkansas 72223